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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte DWIGHT ALLEN MERRIMAN and
KEVIN JOSEPH O'CONNOR

Appeal 2009-005869
Application 09/577,798
Patent 5,948,061
Technology Center 3700

Decided: May 20, 2010

Before LINDA E. HORNER, WILLIAM F. PATE III, and
JENNIFER D. BAHR, *Administrative Patent Judges*.

HORNER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Dwight Allen Merriman and Kevin Joseph O'Connor (Appellants) seek our review under 35 U.S.C. § 134 of the Examiner's final decision rejecting claims 1-57 in reissue application 09/577,798. This application seeks to reissue U.S. Patent 5,948,061, issued September 7, 1999, based on Application 08/738,634, filed October 29, 1996. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM-IN-PART.

THE INVENTION

Appellants' claimed invention is directed to a network and methods of targeted delivery of advertisements. '061 patent, col. 1, ll. 8-11. Claims 1 and 51, reproduced below, are representative of the subject matter on appeal.

1. A network supporting the hypertext transfer protocol, comprising:

- a user node having a browser program coupled to said network, said user node providing requests for information on said network;

- a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content advertising space for display of advertising content and a link message to said user node;

- an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide said advertising content; and

- an advertisement server node storing information about said user node, said advertisement server node being responsive to a

request from said user node based on said link message to select said advertiser node as a selected advertiser node based upon the information stored about said user node at said advertisement server node, and identify said advertiser node as said selected advertiser node to said user node,

whereby said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content.

51. A network comprising:

a user node having a browser program coupled to said network, said user node providing requests for information on said network;

a content provider affiliate node having a respective affiliate web site responsive to requests for information from said user node to provide media content, advertising space for display of advertising content and a link message to said user node;

an advertiser node having an advertiser web site including advertising content, said advertiser node responsive to a request to provide said advertising content; and

an advertisement server node responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node, and identify said advertiser node as said selected advertiser node to said user node,

whereby said advertising content from said selected advertiser node is displayed at said user node in response to a request sent from said user node to said advertiser node to provide said advertising content,

wherein said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at said user node.

THE EVIDENCE

A listing of the evidence relied upon by the Examiner is provided on pages 3-4 of the Answer. Appellants' briefs rely upon the following additional evidence:

1. Declaration under 37 C.F.R. § 1.132 of Kevin J. O'Connor (App. Br. 9).
2. Declaration under 37 C.F.R. § 1.132 of Dwight Merriman (App Br. 15).
3. Expert Report of Christian Knott (App. Br. 18).
4. *The American Heritage Dictionary, Second College Edition* (1985) (Reply Br. 4).

Appellants' Appeal Brief does not appear from the record¹ to include an evidence appendix. *See* 37 C.F.R. § 41.37(c)(1)(ix) (requiring appeal briefs to include an appendix containing copies of any evidence entered by the Examiner and relied upon by appellant in the appeal, along with a statement setting forth where in the record that evidence was entered in the record by the examiner, and prohibiting reference in the brief to unentered evidence). It does not appear that Appellants were sent a Notice of Non-Compliant Appeal Brief for failure to include an evidence appendix or provided with an opportunity to correct this defect in their brief. *See* 37 C.F.R. § 41.37(d). We independently searched the record and located

¹ By "record" we refer to the image file wrapper (IFW), which is the electronic copy of the prosecution history available via the eDan or MADRAS interfaces or the Patent Application Image Retrieval (PAIR) system.

copies of the above-listed evidence relied upon by Appellants in the Appeal Brief. As such, we have considered this evidence in reaching our decision.

THE REJECTIONS

Appellants seek review of the following rejections:

1. The Examiner rejected claims 1-57 under 35 U.S.C. § 102(b) as anticipated by FocaLink's prior public use of centralized ad serving technology.
2. The Examiner rejected claims 1-57 under 35 U.S.C. § 102(b) as being barred by Appellants' public use or sale of the claimed invention more than one year prior to Appellants' filing date.

FIRST REJECTION (FOCALINK)

ISSUES

The Examiner found that FocaLink conceived of and reduced to practice the claimed centralized ad serving technology well prior to the filing of the '061 patent. Non-Final Office Action 17.²

Appellants argue claims 1-50 as a first group and claims 51-57 as a second group. App. Br. 7. We select claim 1 as representative of the first group and claim 51 as representative of the second group. Claims 2-50

² Rather than restating the ground of rejection, the Examiner's Answer refers to the rejection as set forth in prior Office Actions, Paper No. 16 and 27. Ans. 4. Paper No. 27 is a final Office action dated October 28, 2002 ("Final Office Action"), and Paper No. 16 is a non-final Office action dated October 24, 2001 ("Non-Final Office Action").

Appeal 2009-005869
Application 09/577,798
Patent 5,948,061

stand or fall with claim 1, and claims 52-57 stand or fall with claim 51.
37 C.F.R. § 41.37(c)(1)(vii).

With regard to claim 1, Appellants contend that the various FocaLink documents describing the SmartBanner technology do not disclose an advertisement server node that stores information about a user node and then uses that information to select an advertising node. App. Br. 7; Reply Br. 2-5. With regard to claim 51, Appellants contend that the various FocaLink documents describing the SmartBanner technology do not disclose selecting an advertising node based on a number of times the advertising content has been previously displayed at the user node. App. Br. 7; Reply Br. 5-7.

The issues presented by this appeal are:

Do the FocaLink documents show that FocaLink's Smart Banner technology stored information about a user node at an advertisement server node and selected an advertising node based on information stored about the user node at the advertisement server node?

Do the FocaLink documents show that FocaLink's Smart Banner technology included an advertisement server node that, upon receiving a request for advertising content from a user node, selected an advertiser node based on a number of times advertising content had been previously displayed at the user node?

FINDINGS OF FACT

We adopt the Examiner's findings as to the scope and content of the FocaLink system, as set forth in the Examiner's Answer, the Final Office Action, and the Non-Final Office Action, as our own. We add the following findings, which are supported by at least a preponderance of the evidence.

Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1. Appellants' patent describes:

For each user identified by the system as shown in FIG. 3A, a user identification, IP address, domain type, time zone, location of the user, standard industrial code for the user's network, the particular advertisements seen and the number of times each such advertisement is seen, the advertisements that were selected or "clicked on" and the pages on which the various users' advertisements were seen is collected.

'061 Patent, col. 4, ll. 44-51; Fig. 3A.

2. Appellants' patent describes that in response to an incoming message to the advertising server process 19, the advertising server process 19 first attempts to identify the user by looking up the IP address of the requesting browser (the user's IP address) in a table that stores identification numbers that correspond to IP addresses for the users who have previously contacted the advertising server process. '061 Patent, col. 5, ll. 10-12, 34-37. Appellants' patent describes:

if the user is an existing user, the ad server 19 obtains from a database all of the information known about the user including the user's geographic location, the domain type, the organization type where the user works, the company size, the number of employees in that company, the particular types of advertisements that the user has clicked on and the number of times that the user has been exposed to each advertisement currently in the system.

'061 Patent, col. 5, ll. 50-60. The ad server 19 then uses this information to select a particular advertisement to transmit back to the user. '061 Patent, col. 6, ll. 27-31.

3. As described in an email dated August 30, 1995 from David Zinman of FocaLink to a representative of Ziff-Davis, FocaLink provided detailed post-buy analysis reports for advertisers and Web sites, including reports on "the number of people per day who view an advertisement", "the number of people who click on an advertisement", and "the Internet demographics of those who view or click on an advertisement." DX 93, p. 1. The email states that advertisers can use these post-buy analysis reports to change graphics, targeting, and scheduling of ads, and that "[t]he process is an iterative one: ads are placed, results are studied, and placement plans are improved." DX 93, pp. 1-2.

ANALYSIS

Independent claim 1 recites "an advertisement server node storing information about said user node, said advertisement server node being

responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node based upon the information stored about said user node at said advertisement server node.”

The Examiner determined that claim 1 does not require that the information about the user node be stored for any length of time at the advertisement server node, and that “[i]n order for FocaLink’s system to be able to target based upon a domain name, operating system, or browser employed, it would at least have to be temporarily stored [such as in a memory buffer] or else the programming code could not utilize the information.” Ans. 6-7. Appellants do not contest the finding that FocaLink must store the user node information in temporary storage in the advertisement server node in order to utilize the information. Reply Br. *passim*. Rather, Appellants argue that the Examiner’s interpretation of “stored” is unreasonably broad because it would include within the scope of the claim any “use” of such information, whether it is available for future use by the advertisement server node or not, essentially reading the term “stored” out of the claims. Reply Br. 4. Appellants further argue that the plain meaning of “stored” requires the ability to maintain the information “for future use”, and that such an interpretation of “stored” is consistent with the description of the invention provided in Appellants’ Specification. *Id.*

We determine the scope of the claims in patent applications not solely on the basis of the claim language, but upon giving claims “their broadest reasonable interpretation consistent with the specification” and “in light of

Appeal 2009-005869
Application 09/577,798
Patent 5,948,061

the specification as it would be interpreted by one of ordinary skill in the art.” *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004) (citations omitted).

We first look to Appellants’ patent. While the patent does not provide an explicit definition of “stored”, Appellants’ patent describes a database maintained by the advertising server that stores information about a user node, such as from a first contact with the server, so that when the advertising server receives a subsequent contact from the user node, it can retrieve the stored user node information and use it to select an advertising node (Facts 1, 2). Thus, within the context of the embodiment described in Appellants’ patent, future use of the user node information appears to refer to use of information, which had been previously stored as a result of a first contact between the user node and the ad server, by the ad server to select an advertisement during a subsequent contact between the user node and the ad server.

Appellants do not appear to be arguing, however, that “stored”, as used in claim 1 and when read in light of Appellants’ Specification, requires storage of information acquired as a result of a first contact with a user node for future use during a subsequent contact from the user node. Rather, Appellants argue only that “stored” requires storage for a duration long enough to allow use of the stored information in the future. Reply Br. 4 (citing definition from *The American Heritage Dictionary, Second College Edition* (1985)). Even storage of user node information in a temporary

storage buffer that is later retrieved during the same instance of contact between the user node and ad server would be considered future use of the temporarily stored information. As noted by the Examiner, Appellants' claims do not clarify the length of storage of the information prior to the advertising server accessing the information to make a selection. Ans. 6. Further, the claims do not require storage of the user node information in any particular storage means that would exclude storage in temporary storage such as a memory buffer. As such, we do not find any language in the claim itself or any description in Appellants' patent that would render unreasonable the interpretation of the term "stored" made by the Examiner.

Since Appellants do not contest the Examiner's finding that FocaLink's system inherently stores user node information in temporary storage (Ans. 6-7), we sustain the Examiner's finding that the FocaLink system anticipates claim 1. Claims 2-50 fall with claim 1.

Claim 51 recites "a user node" and "an advertisement server node responsive to a request from said user node based on said link message to select said advertiser node as a selected advertiser node", and further recites that "said advertisement server node selects said advertiser node based on a number of times said advertising content has been previously displayed at *said user node*." (Emphasis added.) The Examiner found:

FocaLink teaches basing advertisements upon the number of people per day who view/click on an advertisement. This encompasses Applicants' claim language, as it is comprising claim language and the individual would be one of the number of people per day who viewed the advertisement and FocaLink

Appeal 2009-005869
Application 09/577,798
Patent 5,948,061

is basing its decision upon the number of times the individual and others have viewed the ad.

Ans. 7.

Again, Appellants take issue with the Examiner's interpretation of the claims. In particular, Appellants argue that claim 51 requires the advertisement server node to select an advertiser node based on a number of times the advertising content has been previously displayed *at the user node* and that the ad selection process is performed *in connection with a request from the user node*. Reply Br. 5. Appellants argue that FocaLink's disclosure of collecting post-buy information about the number of people per day who viewed or click on an ad does not anticipate the claimed network where ad selection is performed in connection with a request from a user node and based on the number of times the advertising content has been previously displayed at that particular user node. *Id.*

We agree with Appellants' reading of claim 51 to require that the advertising server node selects an advertising node based on a number of times the advertising content has been previously displayed at the particular user node from which the request for content was received. We further agree with Appellants that FocaLink's collection of information on the number of views/clicks to use in post-buy ad selection, as described above in Fact 3, does not meet the requirements of claim 51. As such, we will not sustain the rejection of claim 51, and claims 52-57, which contain similar limitations.

SECOND REJECTION (COMMERCIAL OFFER FOR SALE)
ISSUE

The Examiner's rejection is based on evidence of a commercial offer for sale of the invention prior to the critical date.³ In particular, the Examiner found that under the Uniform Commercial Code, Kevin O'Connor, one of the named inventors, made a commercial offer for sale of Appellants' claimed invention during a telephone call with Christopher Buckingham of Attachmate prior to October 29, 1995.⁴ Ans. 13.

Appellants argue claims 1-57 as a group. Appellants contend, *inter alia*, that no commercial offer for sale was made prior to the critical date. App. Br. 8-14; Reply Br. 8-12.

The issue presented by this appeal is:

Did Appellants make a commercial offer for sale of the claimed invention prior to the critical date?

ADDITIONAL FINDINGS OF FACT

4. Kevin O'Connor declares that he called Chris Buckingham of Attachmate sometime during the last week of October 1995 and during this conversation, Mr. O'Connor disclosed the concept of offering targeted advertising across a network, and Mr.

³ The '061 Patent was first filed on October 29, 1996, and thus the critical date is October 29, 1995.

⁴ It is undisputed that the phone call took place prior to the critical date. Ans. 13, App. Br. 9.

Buckingham asked him to send a proposal. O'Connor Decl., paras. 24 and 25.

5. Kevin O'Connor further declares that he wrote a letter to Mr. Buckingham, dated October 30, 1995, "suggesting possible terms for an advertising relationship between IAN and Attachmate (the "Attachmate Letter"). O'Connor Decl., para. 26 (referring to Exhibit C).
6. Kevin O'Connor further declares at the time he sent the Attachmate Letter, IAN did not have a targeted advertising product to sell, but that IAN did have the capability to hard-code ads directly into their Web site, so he "therefore proposed that Attachmate spend \$10,000 for such hard-coded, untargeted ads" and asked Attachmate "to set aside another \$10,000 that we would allocate towards targeted third-party advertising '[w]hen the targeting software is completed and we better determine the best target profile.'" O'Connor Decl., para. 27 (quoting Exhibit C).
7. In the Attachmate Letter, Mr. O'Connor wrote, "I enjoyed our discussion last week and am pleased that you will be one of our initial advertising sponsors." Attachmate Letter (DX 38), para. 1.
8. In the Attachmate Letter, Mr. O'Connor further wrote:

I suggest the following:

 1. Attachmate/Cincinnati agrees to sponsor IAN for \$20,000, due December 31st, 1995.

2. Over the next several months, we will do 400,000 non-targeted advertisements for NetWizard (or any other products you wish to advertise) and carefully track the viewer demographics and determine the most likely user profile to follow an AdJump (clicking on the ad to find out more information). This portion of the advertisement is valued at \$10,000
3. When the targeting software is completed and we better determine the best target profile (e.g., airlines and financial institutions) we can best determine the most effective way to spend the \$10,000 balance. I have attached our draft advertising rate sheet. Attachmate will receive most favorable pricing.
4. Attachmate agrees to participate in the public announcement of IAN.
5. IAN will include Attachmate in collateral material and press releases.
6. This agreement will remain confidential until the public announcement of IAN.

Attachmate Letter (DX 38), pp. 1-2.

9. Mr. Buckingham testified that during his October 1995 call with Mr. O'Connor, Mr. O'Connor told him that his new venture could target ads to certain people on the Internet based on demographics through interpretation of the TCP/IP address. Buckingham Depo., 33:3-12; *id.* at 71:14-16.
10. Mr. Buckingham testified that during his October 1995 call with Mr. O'Connor, Mr. O'Connor talked about a sponsorship for his company or his technology, and as a result of that, Mr. O'Connor

would guarantee Attachmate distribution of ads and would provide reports on click throughs. Buckingham Depo., 34:2-8.

11. Mr. Buckingham testified that during his October 1995 call with Mr. O'Connor, Mr. O'Connor promised that his technology would enable Attachmate to provide ads to certain types of people and types of accounts and that he would provide this "over a certain period of time, or a certain number of sites." Buckingham Depo., 35:2-11; *see also id.* at 36:9-25; 37:5-10; and 39:5-11.
12. Mr. Buckingham testified that during his October 1995 call with Mr. O'Connor, Mr. O'Connor discussed compensation of \$20,000 for this service and that he agreed "right on the phone" to pay the \$20,000. Buckingham Depo., 35:12-16; *id.* at 72:5-14.
13. Mr. Buckingham testified that during his October 1995 call with Mr. O'Connor, he agreed on behalf of Attachmate to become one of Mr. O'Connor's new venture's initial advertising sponsors. Buckingham Depo., 38:4-11.
14. Mr. Buckingham testified that his October 1995 call with Mr. O'Connor was essentially a sales call and that none of the conversation was devoted towards Mr. O'Connor seeking Mr. Buckingham's advice on what Mr. O'Connor's new venture was doing or gaining a better understanding of whether Internet advertising would be important. Buckingham Depo., 40:14 – 41:1.

15. Mr. Buckingham testified that the six items listed in the Attachmate Letter memorialize the contents of Mr. Buckingham's conversation with Mr. O'Connor, except that Mr. Buckingham did not recall discussing: (1) the use or quantity of non-targeted advertisements, enumerated in item 2 of the Attachmate Letter, or (2) the timing of targeted ads or determining the best target profile for financial institutions, as mentioned in item 3 of the Attachmate Letter, or (3) including Attachmate in IAN press releases and collateral materials mentioned in item 5 of the Attachmate Letter, or (4) confidentiality of the agreement, as set forth in item 6 of the Attachmate Letter. Buckingham Depo., 42:2 – 46:8; *id.* at 60:17-23; *id.* at 62:6-10. Mr. Buckingham further testified that he did not have "any reason to believe that what's outlined [in the Attachmate Letter] is any different than what [he and Mr. O'Connor] discussed." *Id.* at 60:23-25. However, Mr. Buckingham also testified that his impression from the call was that Attachmate would get targeted advertising right away. *Id.* at 64:17-24.
16. Mr. Buckingham testified that he was not expecting a follow-up letter from Mr. O'Connor following their October 1995 call, and that he thought Mr. O'Connor would do the work and send Attachmate an invoice. Buckingham Depo., 48:21 – 49:3. However, he further testified that it is possible that he asked Mr. O'Connor to send him a written proposal. *Id.* at 72:15 – 73:8.

17. Mr. O'Connor testified that he called Mr. Buckingham a week before the Attachmate Letter to get his advice on the business and what they were thinking about doing and that he doesn't recall asking Attachmate to become a sponsor. O'Connor Depo., 221:22 – 223:25.
18. Mr. O'Connor testified that he did not recall discussing the cost that Attachmate would pay to become one of IAN's advertising sponsors during the October 1995 call with Mr. Buckingham, but that it was possible that during this call they discussed a monetary amount that Attachmate might pay in order to become an initial advertising sponsor. O'Connor Depo., 224:24 – 225:6; *id.* at 242:5-21.
19. Mr. O'Connor testified that he recalls that during the October 1995 call, Mr. Buckingham asked him to send a proposal, and that this request forced Mr. O'Connor to put together something definitive. O'Connor Depo., 242:15-25.

PRINCIPLES OF LAW

The Supreme Court in *Pfaff v. Wells Electronics, Inc.* held that the on-sale bar applies when two conditions are satisfied: “[f]irst, the product must be the subject of a commercial offer for sale.... Second, the invention must be ready for patenting.” 525 U.S. 55, 67 (1998).

“The first prong of [the *Pfaff*] test involves a determination of whether a commercial offer for sale has occurred, applying traditional contract law

Appeal 2009-005869
Application 09/577,798
Patent 5,948,061

principles.” *Allen Eng’g Corp. v. Bartell Indus., Inc.*, 299 F.3d 1336, 1352 (Fed. Cir. 2002) (citing *Linear Tech. Corp. v. Micrel, Inc.*, 275 F.3d 1040, 1048 (Fed. Cir. 2001) and *Group One, Ltd. v. Hallmark Cards, Inc.*, 254 F.3d 1041, 1047 (Fed. Cir. 2001)).

The court in *Linear Tech.*, relying on the court’s decision in *Group One*, explained that the federal common law of contract governs this determination:

Because the on-sale bar involves questions of patent law requiring national uniformity, *Group One* declined to rely on the law of the particular state in which the transaction occurred, instead holding that the existence of an offer for sale should be analyzed “under the law of contracts as generally understood.” *Group One*, 254 F.3d at 1047 []. *Group One* further instructs that the Uniform Commercial Code (“UCC”) should inform the analysis of the contractual issues. *Id.* (“As a general proposition, we will look to the Uniform Commercial Code (‘UCC’) to define whether, as in this case, a communication or series of communications rises to the level of a commercial offer for sale.”). Of course, the UCC is a model code-it does not itself have the force of law and no body of case law has explored its provisions. Instead, it has been enacted with modifications in the several states. Thus, the body of case law from which we must draw guidance under *Group One* is that of the state and federal courts interpreting their individual versions of the UCC. From this body of state law, we will search for the common denominator for assistance in crafting the federal common law of contract that now governs the on-sale bar.

Linear Tech., 275 F.3d at 1048.

The Uniform Commercial Code (UCC) § 2-204(1) states, in pertinent part, that “[a] contract for sale of goods may be made in any manner

sufficient to show agreement, including offer and acceptance....” As to the question of what constitutes an “offer”, the court in *Linear Tech.* noted:

The UCC does not define “offer,” so we will look to the common law to guide our inquiry. “An offer is the manifestation of willingness to enter into a bargain, so made as to justify another person in understanding that his assent to that bargain is invited and will conclude it.” *Restatement (Second) of Contracts* § 24 (1981); accord Richard A. Lord, *Williston on Contracts* § 4:13, at 367 (4th ed. 1990) (explaining that “in order for an offer to exist, it must constitute a manifestation communicated to the offeree so as to justify his understanding that by assenting a bargain will be concluded”).

275 F.3d at 1050. *Restatement (Second) of Contracts*, § 26 (1981) further states:

A manifestation of willingness to enter into a bargain is not an offer if the person to whom it is addressed knows or has reason to know that the person making it does not intend to conclude a bargain until he has made a further manifestation of assent.

Further, *Restatement (Second) of Contracts*, § 33 (1981) provides:

- (1) Even though a manifestation of intention is intended to be understood as an offer, it cannot be accepted so as to form a contract unless the terms of the contract are reasonably certain.
- (2) The terms of a contract are reasonably certain if they provide a basis for determining the existence of a breach and for giving an appropriate remedy.
- (3) The fact that one or more terms of a proposed bargain are left open or uncertain may show that a manifestation of intention is not intended to be understood as an offer or as an acceptance.

The court in *Group One, Ltd. v. Hallmark Cards, Inc.*, held that “the correspondence and other interactions between Group One and Hallmark

prior to the critical date did not add up to a commercial offer to sell the invention, an offer, for example, which Hallmark could have accepted.” 254 F.3d at 1048 (agreeing with the district court’s conclusion of no offer to sell based on the indefinite nature of the communications between the parties and the lack of specific terms such as price and quantity, finding that these factors suggested preliminary proposals or invitations to negotiate, rather than a formal offer.) The Court in *Group One* noted:

[C]ontract law traditionally recognizes that mere advertising and promoting of a product may be nothing more than an invitation for offers, while responding to such an invitation may itself be an offer. *Restatement (Second) of Contracts* § 26 (1981). In any given circumstance, who is the offeror, and what constitutes a definite offer, requires looking closely at the language of the proposal itself. Language suggesting a legal offer, such as “I offer” or “I promise” can be contrasted with language suggesting more preliminary negotiations, such as “I quote” or “are you interested.” Differing phrases are evidence of differing intent, but no one phrase is necessarily controlling. *Id.* §§ 24, 26.

254 F.3d at 1048.

In *Linear Tech.*, the court held that LTC’s pre-critical date activities did not constitute an offer for sale under general principles of contract law. *Id.* at 1050. The court determined that the instances where at least one sales representative spoke to potential customers in order to help LTC determine an appropriate price for its chip, could not be considered offers, “because [the communications] do not indicate LTC’s intent to be bound, as required for a valid offer.” *Id.* (citing *Restatement (Second) of Contracts* § 26 (1981))

(additional citations omitted). The court also determined that “[t]he communications from LTC sales representatives providing customers with preliminary LT1070 data sheets likewise do not reveal the requisite intent to be bound, a *sine qua non* of an offer.” *Id.* at 1051. Rather, the court held that “[i]n the absence of a clear indication to the contrary, the communications between the LTC sales representatives and the customers must be regarded as merely preliminary negotiations at most designed to enable customers to submit offers to buy.” *Id.*

ANALYSIS

The issue before us is whether the October 1995 phone call between Mr. O’Connor of IAN and Mr. Buckingham of Attachmate was a commercial offer for sale of the claimed invention prior to the critical date. Appellants contend that the follow-up Attachmate Letter, dated after the critical date, set out a new proposal to be considered by Attachmate, rather than verifying a prior offer and acceptance made during the October 1995 phone call. Reply Br. 8. Further, Appellants contend that Mr. Buckingham’s entire testimony about what may have been discussed during the October 1995 phone call was “tainted” because Mr. Buckingham was provided with a copy of the Attachmate Letter prior to being questioned about the call and was never questioned on his independent memory of the call. Reply Br. 9.

The evidence relied upon by the Examiner to show an on-sale bar prior to the critical date fails to convince us that a commercial offer for sale

took place during the October 1995 phone call. While we find that during the October 1995 phone call Mr. O'Connor described the IAN concept of offering targeted advertising across a network (Fact 4), whether Messrs. O'Connor and Buckingham discussed and agreed to sufficiently definite terms to constitute an offer for sale is not clear from the record. For example, it is not clear whether Mr. Buckingham requested a written proposal from Mr. O'Connor during the October 1995 phone call. Compare Fact 4 (Mr. O'Connor declares that Mr. Buckingham requested a proposal) with Fact 16 (Mr. Buckingham testified that while he was not expecting a follow-up letter from Mr. O'Connor, it is possible that he asked Mr. O'Connor to send him a written proposal).

Further, as to the follow-up letter (the "Attachmate Letter"), Mr. O'Connor declares that the letter included suggestions of possible terms for an advertising relationship, including a proposal of how to allocate Attachmate's \$20,000 investment (Facts 5, 6). This characterization of the follow-up letter as containing merely suggestions and proposals, rather than memorializing already agreed-upon terms, is consistent with the language used in the Attachmate Letter itself, which introduced the proposed terms with "I suggest the following." (Fact 8). Further, Mr. Buckingham testified that despite agreeing during the October 1995 phone call to pay \$20,000 for Attachmate to become one of IAN's initial advertising sponsors (Facts 7, 12, 13), Mr. Buckingham did not recall discussing many of the terms outlined in the follow-up Attachmate Letter with Mr. O'Connor during the call

(Fact 15). Thus, while it is entirely possible that Mr. O'Connor and Mr. Buckingham discussed the general capabilities of IAN's targeted advertising technology (Facts 4, 9), and even agreed upon a price for Attachmate to become one of IAN's initial advertising sponsors (Facts 7, 9-14, 18), it is not clear from the facts before us that Messrs. O'Connor and Buckingham had reached mutual assent during the phone call as to the terms of the offer to a degree sufficient as to constitute a sale (offer and acceptance) under general contract law (Facts 15, 19).

Further, it is not clear from the record whether Mr. O'Connor had the requisite intent to conclude the bargain on the phone call (Facts 8, 17), such that he could be said to have made an "offer" under general contract law. In particular, because the follow-up Attachmate Letter spelled out new proposed terms for the bargain, the October 1995 discussion between Messrs. O'Connor and Buckingham could be regarded as merely preliminary negotiations and not a commercial offer for sale under general contract law.

As such, we will not sustain the Examiner's rejection of claims 1-57 under 35 U.S.C. § 102(b) as being barred by a commercial offer for sale of the invention prior to the critical date.

CONCLUSIONS

The FocaLink documents show that FocaLink's Smart Banner technology stored information about a user node at an advertisement server

Appeal 2009-005869
Application 09/577,798
Patent 5,948,061

node and selected an advertising node based on information stored about the user node at the advertisement server node.

The FocaLink documents fail to show that FocaLink's Smart Banner technology included an advertisement server node that, upon receiving a request for advertising content from a user node, selected an advertiser node based on a number of times advertising content had been previously displayed at the user node.

The record does not contain evidence adequate to show that Appellants made a commercial offer for sale of the claimed invention prior to the critical date.

DECISION

The decision of the Examiner to reject claims 1-50 is AFFIRMED, and the decision of the Examiner to reject claims 51-57 is REVERSED.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED-IN-PART

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